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C O N F I D E N T I A L SEOUL 002913

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SUBJECT: PARTY REALIGNMENT - POSSIBLE SCENARIOS

Classified By: A/DCM Joseph Y. Yun. Reasons 1.4 (b/d).

11. (C) SUMMARY: With still sixteen months to go, the December 2007 Presidential elections already dominates political discussion in Seoul. Lawmakers are looking at how their actions in the fall Assembly session will affect the elections and the press is focusing more and more on possible candidates. These moves will likely culminate in a political realignment, or at least an excuse for various factions in the National Assembly to switch the party line-up. Most likely realignment involves the ruling Uri Party, because it must begin to disassociate itself from the unpopular President. Less likely is a realignment involving the opposition GNP, unless one of its disappointed Presidential candidates decides to run away and form a new party. END SUMMARY

HISTORY

12. (C) Neither the ruling Uri Party nor the main leading opposition Grand National Party (GNP) have a long history, and party realignment is a regular fixture on the Korean political landscape. In 1995 Kim Dae-jung (DJ) split the opposition Democratic Party by forming the National Congress for New Politics changed to the Millenium Democratic Party in 12000. The Uri Party split away from the Millenium Democratic Party in late 2003 spurred by a left-leaning faction led by such leaders as Chong Dong-yong. Subsequently, MDP dropped "M" and became the Democratic Party. On the GNP side, the party originated from the Democratic Liberal Party formed in 1990, a merger of the Democratic Justice Party (then President Roh Tae-woo's party), Reunification Democratic Party (Chaired at the time by former President Kim Young-sam), and the New Democratic Party (Chaired at the time by Kim Jong-pil (JP)). After JP left the party and Roh was imprisoned, the party was renamed the New Korea Party, and subsequently changed its name to GNP.

SCENARIOS

13. (C) According to leading lawmakers from all parties, there will be a party shake up at the start of 2007. The scenarios from most likely to least likely are as follows: first, the parties will stay as they are, with the Uri Party and the Democratic Party (DP) merging; second, the Uri Party

will dissolve and some members will split to the GNP and the Democratic Party leaving a core of roughly 80 lawmakers in a new progressive party; third, the GNP will split with one group formed around former Seoul Mayor Lee Myung-bak; and last, the parties will stay as they are and Park Geun-hye and Lee Myung-bak will form a coalition similar to the Kim Dae-jung-Kim Jong-pil alliance of 1997 based on the promise that the loser of the GNP primary will become the PM under a cabinet system.

URI AND DP MERGE

¶4. (C) Reform minded Uri lawmaker Choi Jae-chon said everyone agrees that the Uri Party and the Democratic Party (DP) must merge in order to have a chance in the 2007 elections. While Chung Dong-yong and his close allies in the Uri Party who led the split in 2003 may not be welcomed by the DP, the reality that the two progressive parties must merge in order to face off against the ever stronger main opposition, the Grand National Party (GNP), makes this the most likely scenario for party realignment. Most pundits agree that the realignment will occur in early 2007. Uri Party Assemblyman and former Rice University professor Chae Su-chan said that President Roh would not accept any coalition that involved the DP since that would signal a regression to politics based on regionalism. However, most agree that an Uri-DP merger is quite likely.

URI DISSOLVES

¶5. (C) Oddly enough, the terms of the Uri-DP merger will likely be drawn by the DP, which has less than 10 seats in the National Assembly compared to Uri's 142. This is because the DP has strong regional support in Jeolla province while Uri's popularity, tied to President Roh, is in a freefall. Because it will be difficult for some in the Uri Party to merge with the DP, the Uri Party may dissolve, with a core group of roughly 40-80 members forming a new reform minded party and the remaining members going to either the DP or the GNP. This scenario would be beneficial for the GNP as the result would likely be two presidential candidates that could split the progressive vote. If the progressive side split this way, most observers agree it would encourage Lee Myung-bak to split from the GNP. The result could be four main candidates for president.

LEE SPLITS FROM GNP TO FORM NEW PARTY

¶6. (C) Political reporter at the JoongAng Ilbo, Chun Youn-gi said that the key for the GNP is for Park Geun-hye and Lee Myung-bak to both run for the GNP's candidacy. He said that if this happens, the GNP is assured a victory. Interestingly, Uri Party policy advisor and former Ambassador to Russia Chong Tae-ik said that Chun had the correct analysis of the presidential race. The concern among the GNP is that if Lee decides he can not win the GNP candidacy, he may leave the GNP to form a new party. He recently went to Busan to announce his plan to connect Seoul and Busan by a canal system if he becomes President. Lee rightly believes he has higher public popularity than Park and lower popularity among party delegates. The current GNP primary system weighs public support at 50% and party support at 50% so this is more favorable to Park than the open primary system that Lee is pushing for and the Uri Party has committed to.

THE NEW DJP ALLIANCE

¶7. (C) Another possible GNP scenario is that Park and Lee could form an alliance similar to Kim Dae-jung (DJ) and Kim Jong-pil's (JP) 1997 alliance. Then, JP joined DJ with the understanding that if DJ won, he would change the Constitution to a Cabinet system, leaving the PM (JP) almost as powerful as the President. Under this scenario, according

to GNP lawmaker Kim Byoung-ho, Park would be the President and the visionary, while Lee would be the PM and responsible for pushing economic development.

COMMENT

18. (C) A near certainty is political realignment. Whether small moves (Uri merges with DP) or big (GNP splits, Uri dissolves) the consensus is this will happen in early 2007. Until then, the two parties and the various candidates will fight things out through proxy wars in the press and in the National Assembly. This posturing will likely disrupt the fall regular session of the National Assembly and color all things political.

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